

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EUR-12

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CIEP-01 LAB-04 SIL-01 OMB-01 /095 W

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R 240947Z JUN 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 740

INFO AMEMBASSY KABUL

LRUSBKR/AMCONSUL KARACHI 3288

AMCONSUL LAHORE

AMEMBASSY NEW DELHI

C O N F I D E N T I A L ISLAMABAD 5755

E.O. 11652: GDS

TAGS: PINT, PK

SUBJECT: BHUTTO REPLIES TO BUDGET DEBATE

REF: ISLAMABAD 5649

SUMMARY: PM BHUTTO'S MUCH HERALDED REPLY TO THE NATIONAL ASSEMBLY'S BUDGET DEBATE -- A SPIRITED TWO HOUR ORATION ON THE EVENING OF JUNE 23 -- WAS NOTE-WORTHY FOR ITS CONCILIATORY APPROACH TO THE STILL ABSENT OPPOSITION AND ITS SHARP ATTACK AGAINST WHAT THE PM RECOGNIZES AS FACTIONALLY-MOTIVATED CRITICISM AGAINST GOP POLICIES AND PRACTICES BY HIS OWN PPP ASSEMBLY FOLLOWERS. BHUTTO PARTICULARLY TARGETTED THOSE WHO HAD USED THE "DISCRIMINATION AGAINST PUNJAB" THEME IN THEIR CRITICISM AND PROTESTED AT CONSIDERABLE LENGTH HIS GOVERNMENT'S AND HIS OWN REJECTION OF PROVINCIALISM. THE TONE AND CONTENT OF REMARKS HE MADE ABOUT G.M. KHAR AND HIS SINGLING OUT OF SEVERAL OF KHAR'S FOLLOWERS FOR PARTICULAR SCORN SUGGEST THAT THE

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PUNJAB GOVERNOR'S DAYS ARE NUMBERED. EXCEPT FOR A

BRIEF DEFENSE OF THE BUDGET'S PROVISIONS FOR PAY AND ALLOWANCE UPHIKES FOR MILITARY OFFICERS, AND SOME FAMILIAR RHETORIC ABOUT A STRONG AND FORMIDABLE PAKISTAN, NEITHER DEFENSE NOR FOREIGN AFFAIRS FIGURED IN BHUTTO'S PRESENTATION. END SUMMARY.

1. PM BHUTTO'S JUNE 23 REPLY TO THE BUDGET DEBATE, MORE ACTIVELY ANTICIPATED THAN MANY OF HIS PRESENTATIONS BECAUSE OF LAST WEEK'S CRITICISM OF GOP POLICIES AND PRACTICES BY PPP MEMBERS (PARTICULARLY THOSE ASSOCIATED WITH PUNJAB GOVERNOR G. M. KHAR), WAS MUCH LONGER ON THE POLITICS OF THE BUDGET THAN ON ITS ECONOMICS. THE PM LARGELY LEFT THE ECONOMIC SIDE TO HIS FINANCE MINISTER, WHO WINDS UP THE DEBATE TODAY. HIS MOST EXTENSIVE ESSAYS INTO THIS AREA -- HIS DEFENSE OF THE MIXED ECONOMY CONCEPT AND HIS COMMENTS ON PAK DEPENDENCE ON FOREIGN AID, BOTH OF THE "EVERYBODY DOES IT" VARIETY -- DEMONSTRATED AGAIN THAT ECONOMICS IS THE WEAK SUIT OF THIS INTENSELY POLITICAL ANIMAL.

2. THIS YEAR'S BUDGET DEBATE HAS BEEN UNIQUE IN THAT IT HAS BEEN HELD WITHOUT THE PARTICIPATION OF THE BOYCOTTING OPPOSITION. BHUTTO WAS NOTABLY CONCILIATORY IN REGRETTING OPPOSITION ABSENCE AND URGED THAT A WAY BE FOUND FOR IT TO RETURN. HE INDICATED THAT IT WAS UP TO THE OPPOSITION TO COME UP WITH PROPOSALS; HIS TONE AND CHOICE OF WORDS SUGGESTED THAT THESE MIGHT BE LISTENED TO MORE SYMPATHETICALLY THAN BEFORE. (OPPOSITION LEADERS ARE MEETING THIS WEEK IN ISLAMABAD, AS BHUTTO WAS OF COURSE AWARE, AND HIS COMMENTS ARE LIKELY TO STRENGTHEN THE HANDS OF THOSE FAVORING A RETURN TO THE NATIONAL AND PROVINCIAL ASSEMBLIES.)

3. SINCE THE OPPOSITION HAD NOT PARTICIPATED, BHUTTO DEVOTED MOST OF HIS ATTENTION TO MEETING CRITICISM ON THE PART OF HISHJWN PARTYMEN. HE SAID AT THE ONSET -- IN A TYPICAL BHUTTO PUT-DOWN -- THAT THIS HAD NOT IMPRESSED HIM: NOTHING REALLY SIGNIFICANT HAD BEEN DEVELOPED. SOME OF THE CRITICISMS, HE SAID, WERE REALLY BACKHANDED
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COMPLIMENTS (EVEN THE SUGGESTION THAT THE GOP REVALUE THE RUPEE UPWARDS), A THOUGHT WHICH GAVE THE PRIME MINISTER AN OPPORTUNITY TO CALL ATTENTION TO THE ACHIEVEMENTS OF THE PPP GOVERNMENT IN BRINGING PAKISTAN BACK FROM ITS 1971 BRINK.

4. BHUTTO RESERVED HIS STRONGEST UTTACKS FOR THOSE

WHO HAD CRITICIZED THE GOVERNMENT ON PROVINCIAL
GROUNDS. HE SOUGHT AT LENGTH TO DEMONSTRATE THAT THE
GOP WAS EQUITABLE IN DISTRIBUTION OF RESOURCES AMONG

THE PROVINCES, AND SEEMED TO TAKE SPECIAL EXCEPTION
TO ALLEGATIONS (NOT REPORTED PREVIOUSLY IN THE
PRESS) THAT SIND IN GENERAL AND LARKHANA IN PARTICULAR
WERE BENEFICIARIES OF GOP FAVORITISM. HE REPEATEDLY
STRESSED HIS ATTACHMENT TO THE PUNJAB AREA "THE HEARTLAND
AND SWORDARM OF PAKISTAN" WHICH HAD VOTED PPP IN 1970
AND WOULD DO SO AGAIN -- AND LAUNCHED OUT WITH PAR-
TICULAR SCORN AGAINST THOSE WHO HAD CLAIMED THAT THE
PROVINCE HAD BEEN DISCRIMINATED AGAINST, A DOCTRINE
ANY NON-PUNJAB LEADER OF PAKISTAN MUST FIND POTENTIALLY
DANGEROUS.

5. VETERAN BHUTTO-WATCHERS MAINTAIN THAT IN LOWERING
BOOM AGAINST HIS PPP CRITICS, AND PARTICULARLY
AGAINST ASSOCIATES OF PUNJAB GOVERNOR G.MGB KHAR,
THE PM WAS NOT AS
TOUGH THAN HE HAS BEEN ON OTHER
OCCASIONS. HE MADE IT QUITE CLEAR, HOWEVER, THAT HE
RECOGNIZED THE ROLES OF THE KHAR MEN AND THEIR MOTIVES, AND
THIS, PLUS HIS CRITICAL PASSING REMARKS ABOUT KHAR
HIMSELF, SUGGEST THAT THE GOVERNOR'S DAYS IN OFFICE
ARE NUMBERED.

6. EXCEPT FOR A BRIEF DEFENSE OF THE BUDGET'S
PROVISIONS FOR PAY AND ALLOWANCE HIKES FOR MILITARY
OFFICERS AND SOME FAMILIAR RHETORIC ABOUT A STRONG
AND FORMIDABLE PAKISTAN, NEITHER DEFENSE NOR FOREIGN
AFFAIRS FIGURED IN BHUTTO'S PRESENTATION.

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